

19 FEB

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State Dept. declassification & release instructions on file

GENERAL

1. French oppose introduction of western mark in Berlin--US Ambassador Caffery in Paris transmits a note from the French Government in which the French express their disagreement with the US-UK proposal for initiating the exclusive use of the western mark in Berlin on 10 March. The French base their disagreement on the grounds that: (a) it would be inadvisable to take such a step while the Security Council is still considering the Berlin currency issue; and (b) the US-UK proposal would irrevocably link Berlin with the western zones of Germany. The French instead propose that the creation of a special currency for Berlin be studied as a possible solution; and if such a proposal is found to be unworkable that the western mark be introduced in a way which would not attach Berlin to the western German banking system. The French recommend immediate study of their proposals in order to permit a final decision after the Security Council has had a reasonable time to study the proposals now before it.

THE AMERICAS

2. ARGENTINA: Possible request for US aid--US Charge Ray has been told by high Argentine officials that no solution to Argentina's economic problems is possible without US assistance. According to Ray, the Government is also expressing an interest in joining the International Monetary Fund and World Bank. Ray recommends that as a condition for a loan the US require the Argentine Government to: (a) remove major artificial restraints on trade; (b) restore freedom of speech and press; and (c) guarantee fair treatment to US business.

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